

Message Text

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51

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 EUR-12 EA-10 AGR-10 SWF-01

AID-05 CIAE-00 COME-00 EB-07 FRB-01 INR-07 NSAE-00

RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04

SIL-01 OMB-01 SS-15 NSC-05 L-02 PA-02 PRS-01 USIA-15

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P R 171435Z DEC 74

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC PRIORITY 8183

INFO AMCONSUL BELIZE

AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY NASSAU

AMEMBASSY PORT AU PRINCE

AMEMBASSY PORT OF SPAIN

AMEMBASSY SANTO DOMINGO

UNCLAS BRIDGETOWN 2157

E.O. 11652: N/A

TAGS: EFIN EAID BB

SUBJ: CDB: DIRECTORS APPROVE GOV, GOTT LOANS

SUMMARY

1. CDB DIRECTORS, AT 28TH MEETING DEC 12 AND 13, APPROVED
LOANS FROM GOVTS OF VENEZUELA AND TRINIDAD AND TOBAGO
TOTALLING US \$20 MILLION, PASSED PUERTO RICO MEMBERSHIP
APPLICATION TO CDB BOARD OF GOVERNORS AND DISCUSSED POSSIBILITIES
OF 1975 AID DONORS CONFERENCE, AND POSSIBLE LINES OF CREDIT
FROM FEDERAL REPUBLIC OF GERMANY AND JAPAN. ALSO, PRESIDENT
DEMAS ANNOUNCED INTENTION REORGANIZE CERTAIN CDB ACTIVITIES.
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END SUMMARY.

2. AT 28TH MEETING OF CDB DIRECTORS, HELD DEC 12-13, LOANS FROM GOVTS OF VENEZUELA AND TRINIDAD AND TOBAGO WERE APPROVED AND A NUMBER OF OTHER MATTERS WERE DISCUSSED. SUMMARY OF ACTION TAKEN AND DISCUSSION FOLLOWS:

A) VENEZUELA LOAN: GOV REPORTEDLY SOFTENED ITS PROCUREMENT RESTRICTION AND ITS STRESS ON AGRICULTURAL SECTOR RE ITS US \$10 MILLION CONTRIBUTION TO CDB SPECIAL DEVELOPMENT FUND (SDF). ACCORDINGLY, DIRECTORS ACCEPTED GOV CONTRIBUTION.

B) GOTT CONTRIBUTION: FOLLOWING GOTT CLARIFICATION OF TERMS OF ITS \$10 MILLION CONTRIBUTION TO SDF, DIRECTORS DECIDED TO ACCEPT SAME. PURPOSE OF CONTRIBUTION WILL BE TO ENABLE REGIONAL LDC'S TO MEET CDB COUNTERPART OR MATCHING FUND REQUIREMENTS (E.G. 10 PERCENT OF PROJECT LOAN).

C) PUERTO RICO MEMBERSHIP: DIRECTORS AGREED TO PASS PR APPLICATION TO BOARD OF GOVERNORS WHICH MUST DECIDE ISSUE. DIRECTORS REPORTEDLY MADE NO RECOMMENDATIONS BUT NOTED THAT APPLICATIONS WERE LIKELY TO COME ALSO FROM MEXICO, DOMINICAN REPUBLIC, HAITI, SURINAM, BRAZIL, PANAMA AND COSTA RICA. DIRECTORS NOTED THAT INCREASED MEMBERSHIP OF THIS ORDER POSED SERIOUS PROBLEMS RE FUTURE CDB ROLE AND CHARACTER OF BANK AS AN INSTITUTION. DIRECTORS IMPLIED THAT WHOLE MATTER SHOULD BE STUDIED CAREFULLY BEFORE DECIDING ON PR ALONE.

D) CDB REORGANIZATION: PRESIDENT DEMAS ANNOUNCED THAT HE PLANNED TO SPLIT BANK'S INDUSTRY DIVISION TO FORM NEW TECHNICAL DIVISION HEADED BY CDB STAFFER (AND FORMER BARBADOS' INDUSTRIAL DEVELOPMENT CHIEF) KURLEIGH KING. RESPONSIBILITIES FOR CIVIL ENGINEERING AND INFRASTRUCTURE (ROADS, PORTS, ETC.) WOULD REMAIN IN INDUSTRY DIVISION WHILE TECHNICAL DIVISION WOULD DEAL WITH INDUSTRIAL DEVELOPMENT TYPE PROJECTS.

E) AID DONORS CONFERENCE: BANK NOTED THAT ARRIVAL OF IDB APPRAISAL TEAM WOULD MEAN ANY NEW AID DONORS CONFERENCE COULD NOT TAKE PLACE PRIOR TO JUNE, 1975.

F) FRG LOAN: DIRECTORS NOTED THAT PROCUREMENT UNDER FRG UNCLASSIFIED

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LOAN OF DM 16 MILLION REMAINED TIED TO FRG SOURCES AND THAT FUNDS SHOULD NOT BE ACCEPTED UNTIL THIS MATTER WAS RESOLVED.

G) GOJ CREDIT: GOJ HAD OFFERED LOAN OF FROM US \$2-5 MILLION; HOWEVER, BECAUSE PROCUREMENT WAS TIED TO JAPAN, IT WAS NOTED THAT LOAN WAS LIKELY TO BE OF LIMITED USE. IT WAS AGREED THAT CDB MIGHT STUDY TO SEE WHETHER FUNDS COULD BE USED ON BILATERAL BASIS.

3. MORE DETAILED REPORT ON 28TH DIRECTORS' MEETING WILL BE
SENT LATE THIS WEEK.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEMBERSHIP, CREDIT, MEETINGS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRIDGE02157
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740366-1064
From: BRIDGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741230/aaaaaznf.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 30 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 SEP 2002 by ReddocGW>; APPROVED <09 JAN 2003 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CDB: DIRECTORS APPROVE GOV, GOTT LOANS SUMMARY
TAGS: EFIN, EAID, BB, VE, RQ, CDB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005